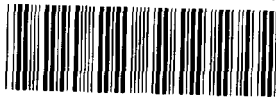


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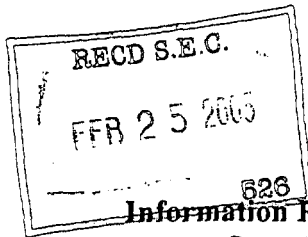


MISSION

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OMB APPROVAL	
OMB Number:	3235-0123
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hours per response.....	12.00



**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8 12115

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01-01-04 AND ENDING 12-31-04
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: CARL P. SHERR & CO., LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

446 MAIN STREET

(No. and Street)

WORCESTER
(City)

MA
(State)

01608
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

CARL P. SHERR

(508) 791-7126

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

GREENBERG, ROSENBLATT, KULL & BITSOLI, P.C.

(Name - if individual, state last, first, middle name)

306 MAIN STREET
(Address)

WORCESTER
(City)

MA
(State)

01608
(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED
MAR 18 2005

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

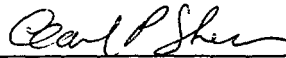
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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10/05

OATH OR AFFIRMATION

I, CARL P. SHERR, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CARL P. SHERR & CO., LLC, as of DECEMBER 31, 20 04, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

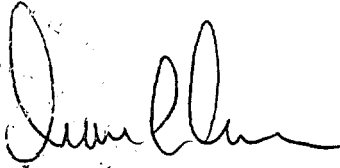
NONE



Signature

MANAGER

Title



Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**



Greenberg, Rosenblatt, Kull & Bitsoli, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Members
Carl P. Sherr & Co., LLC

We have audited the accompanying statements of financial condition of Carl P. Sherr & Co., LLC (a limited liability company) as of December 31, 2004 and 2003, and the related statements of income and changes in members' equity and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carl P. Sherr & Co., LLC at December 31, 2004 and 2003, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplemental schedule on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Greenberg, Rosenblatt, Kull & Bitsoli, P.C.
GREENBERG, ROSENBLATT, KULL & BITSOLI, P.C.

Worcester, Massachusetts
February 18, 2005

CARL P. SHERR & CO., LLC
STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31,

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Cash	\$ 37,809	\$ 9,826
Deposits with clearing agent	372,766	299,072
Receivable from clearing agent	2,224	2,958
Other receivables	42,694	37,054
Prepaid expenses	6,088	6,126
Property and equipment, net	<u>55,546</u>	<u>68,994</u>
 Total assets	 <u>\$ 517,127</u>	 <u>\$ 424,030</u>

LIABILITIES AND MEMBERS' EQUITY

Accounts payable and accrued expenses	\$ 31,978	\$ 10,714
 Members' equity	 <u>485,149</u>	 <u>413,316</u>
 Total liabilities and members' equity	 <u>\$ 517,127</u>	 <u>\$ 424,030</u>

The accompanying notes are an integral part of the financial statements

CARL P. SHERR & CO., LLC
STATEMENTS OF INCOME AND CHANGES IN MEMBERS' EQUITY
YEARS ENDED DECEMBER 31,

	<u>2004</u>	<u>2003</u>
Revenues:		
Commissions on securities transactions	\$ 243,596	\$ 366,914
Trading gains on securities, net	476,156	379,518
Investment advisory fees	151,934	107,108
Commissions on insurance policies and annuities	41,824	31,736
Interest and dividends	37,519	35,916
Miscellaneous income	24,473	-
Total revenues	<u>975,502</u>	<u>921,192</u>
Expenses:		
Guaranteed payments to members	229,252	158,000
Payroll	63,943	65,016
Payroll taxes and employee benefits	5,518	6,436
Commissions	1,290	546
Transfer, clearance and brokerage fees	42,270	77,149
Equipment rental	66,765	72,375
Professional fees	39,903	30,245
Rent	24,022	24,022
Office and postage	22,592	14,648
Depreciation	15,670	14,516
Telephone	17,035	14,475
Auto expense	15,750	13,436
Travel, selling and promotion	13,855	13,111
Advertising	4,217	10,008
Insurance	3,780	3,620
Consulting	-	4,281
Dues and subscriptions	2,015	3,274
Taxes and licenses	3,083	2,563
Loss on trade-in of motor vehicle	-	5,761
Total expenses	<u>570,960</u>	<u>533,482</u>
Net income	404,542	387,710
Members' equity - beginning	413,316	418,491
Members' distributions	<u>(332,709)</u>	<u>(392,885)</u>
Members' equity - ending	<u>\$ 485,149</u>	<u>\$ 413,316</u>

The accompanying notes are an integral part of the financial statements

CARL P. SHERR & CO., LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,

	<u>2004</u>	<u>2003</u>
Operating activities:		
Net income	\$ 404,542	\$ 387,710
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	15,670	14,516
Loss on trade-in of motor vehicle	-	5,761
Changes in operating assets and liabilities:		
Deposits with clearing agent	(73,694)	26,031
Receivable from clearing agent	734	26,030
Other receivables	(5,640)	(9,293)
Prepaid expenses	38	5,373
Accounts payable and accrued expenses	<u>21,264</u>	<u>(13,286)</u>
Net cash provided by operating activities	362,914	442,842
Investing activities:		
Acquisition of property and equipment	(2,222)	(48,503)
Financing activities:		
Members' distributions	<u>(332,709)</u>	<u>(392,885)</u>
Net increase in cash	27,983	1,454
Cash - beginning	<u>9,826</u>	<u>8,372</u>
Cash - ending	<u>\$ 37,809</u>	<u>\$ 9,826</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Noncash investing activity:		
Motor vehicle trade-ins	<u>\$ -</u>	<u>\$ 27,755</u>

The accompanying notes are an integral part of the financial statements

CARL P. SHERR & CO., LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

(1) ORGANIZATION AND NATURE OF BUSINESS

Nature of Business:

Carl P. Sherr & Co., LLC (the Company) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and a member of the National Association of Securities Dealers (NASD) and various exchanges. The Company's principal sources of revenue are commissions on securities transactions for customers located primarily in Central Massachusetts and net gains from the Company's trading in the securities markets. An unrelated clearing agent completes the majority of these transactions.

Organization:

The Company is organized as a limited liability company. The terms of the Company's operating agreement limit the members' liability for losses, debts and obligations to their capital contributions. The members may be liable for amounts previously distributed to them by the Company in the event that insufficient assets are available to pay liabilities. In addition, the Company will terminate upon the death of the managing member unless other members, owning more than 50% at that time, elect to continue the Company. Presently, the managing member has a 70% ownership interest in the Company.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Securities:

Marketable securities are stated at market value and securities not readily marketable are stated at fair value as determined by management. The difference between cost and market (or fair value) is included in income. At December 31, 2004 and 2003, there were no securities owned by the Company.

Income Recognition:

Profits and losses arising from the Company's securities transactions as well as commission income from customers' securities transactions and related transaction expenses are recorded on a trade date basis.

Dividends and interest income are accrued as earned.

Investment advisory fees and commissions on insurance and annuity products are accrued as earned.

Property and Equipment:

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over an estimated useful life of five years.

CARL P. SHERR & CO., LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Guaranteed Payments to Members:

Guaranteed payments to members, which are designed to represent reasonable compensation for services rendered, are accounted for as an expense rather than a distribution from members' equity.

Federal and State Income Taxes:

The Company, as an LLC, is taxed as a partnership. The members are responsible for reporting their shares of the Company's net earnings on their individual income tax returns and no provision for income taxes is reflected in these statements.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

(3) DEPOSITS WITH CLEARING AGENT

Deposits with clearing agent are comprised of the following:

	<u>2004</u>	<u>2003</u>
Cash	\$ 322,760	\$ 249,066
Deposit	<u>50,006</u>	<u>50,006</u>
	<u>\$ 372,766</u>	<u>\$ 299,072</u>

(4) PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2004</u>	<u>2003</u>
Furniture and fixtures	\$ 55,622	\$ 53,400
Motor vehicles	<u>62,745</u>	<u>62,745</u>
	118,367	116,145
Accumulated depreciation	<u>(62,821)</u>	<u>(47,151)</u>
	<u>\$ 55,546</u>	<u>\$ 68,994</u>

CARL P. SHERR & CO., LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

(5) ADVERTISING COSTS

Advertising costs, totaling approximately \$4,200 in 2004 and \$10,000 in 2003, are expensed as incurred.

(6) SECURITIES AND EXCHANGE COMMISSION REQUIREMENTS

As a registered broker-dealer, the Company is subject to the "Uniform Net Capital Rule", rule 15c3-1 of the Securities and Exchange Commission (SEC). The rule requires the Company to maintain "net capital" of at least \$250,000 and a ratio of "aggregate indebtedness" to "net capital" not to exceed 15 to 1.

At December 31, the Company's aggregate indebtedness, net capital and the related ratio, as defined by the SEC, are as follows:

	<u>2004</u>	<u>2003</u>
Aggregate indebtedness	\$ 31,978	\$ 10,714
Net capital	\$ 423,515	\$ 333,155
Ratio of aggregate indebtedness to net capital	.076 to 1	.032 to 1

(7) COMMITMENTS AND CONTINGENCIES

In the course of business, the Company executes transactions on behalf of its customers. If any of these transactions do not settle due to a customer's nonperformance, the Company may become obligated to settle. It is management's opinion that this, or any litigation that may result from customer transactions, will not have a materially adverse effect on future operations or financial position.

The Company maintains cash balances with its clearing agent in excess of insured limits.

CARL P. SHERR & CO., LLC
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2004

Net capital:	
Total members' equity	<u>\$ 485,149</u>
Less - nonallowable assets:	
Property and equipment	55,546
Other assets	<u>6,088</u>
	<u>61,634</u>
Net capital before haircuts on securities positions (tentative net capital)	423,515
Haircuts - none required	<u>-</u>
Net capital	<u>\$ 423,515</u>
Aggregate indebtedness:	
Accounts payable and accrued expenses	<u>\$ 31,978</u>
Computation of basic net capital requirement:	
Minimum net capital required	<u>\$ 250,000</u>
Excess net capital at 1,000 percent	<u>\$ 420,317</u>
Ratio: Aggregate indebtedness to net capital	<u>.076 to 1</u>
Reconciliation with Company's computation (included in Part II of Form X-17A-5):	
Net capital, as reported in Company's Part II (unaudited) FOCUS report	\$ 420,639
Audit adjustments, net	<u>2,876</u>
Net capital per above	<u>\$ 423,515</u>

See independent auditors' report



Greenberg, Rosenblatt, Kull & Bitsoh, P.C.

CERTIFIED PUBLIC ACCOUNTANTS



Corporate Officers

Agnes E. Kull, CPA
Norman Bitsoh, CPA
Diane L. Leclair, CPA
Robert P. Turnan, CPA
William E. Philbrick, CPA
Michael J. Hayes, CPA
Richard F. Powell, CPA
Wanda L. Cantlin, CPA
John E. Wornham, CPA
Jacqueline M. Jones, CPA
Deborah A. Morang, CPA
Laurence M. Hurwitz, CPA

Nathan Greenberg, CPA
Founder

Melvin M. Rosenblatt, CPA
Past Chairman

The Members

Carl P. Sherr & Co., LLC

In planning and performing our audit of the financial statements and supplemental schedule of Carl P. Sherr & Co., LLC (the Company), for the year ended December 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

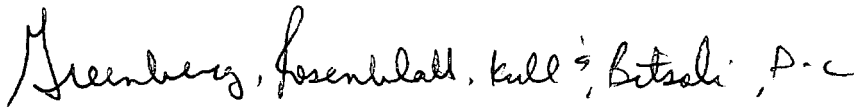
The Members
Page 2

Because of inherent limitations in internal control, or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2004, to meet the SEC's objectives.

This report is intended solely for the information and use of the Members, management, the Securities Exchange Commission, the New York Stock Exchange and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.


GREENBERG, ROSENBLATT, KULL & BITSOLI, PC.

Worcester, Massachusetts
February 18, 2005